

TOWN OF CLARKDALE, ARIZONA

Annual Expenditure Limitation Report
and Independent Accountants' Report
June 30, 2018

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INDEPENDENT ACCOUNTANTS' REPORT

The Auditor General of the State of Arizona and
The Honorable Mayor and Town Council
of the Town of Clarkdale, Arizona

We have examined the accompanying Annual Expenditure Limitation Report of the Town of Clarkdale, Arizona for the year ended June 30, 2018, and the related notes to the report. The Town's management is responsible for presenting this report in accordance with the uniform expenditure reporting system as described in Note 1. Our responsibility is to express an opinion on this report based on our examination.

We conducted our examination in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether this report is presented in accordance with the uniform expenditure reporting system in all material respects. An examination involves performing procedures to obtain evidence about the amounts and disclosures in the report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the report, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, the annual expenditure limitation report referred to above is presented in accordance with the uniform expenditure reporting system as described in Note 1 in all material respects.

February 6, 2019

TOWN OF CLARKDALE, ARIZONA
Annual Expenditure Limitation Report – Part I
Year Ended June 30, 2018

1. Economic Estimates Commission expenditure limitation	\$ 33,484,977
2. Amount subject to the expenditure limitation (total amount from Part II, Line C)	<u>4,399,098</u>
3. Amount under the expenditure limitation	<u><u>\$ 29,085,879</u></u>

I hereby certify, to the best of my knowledge and belief, that the information contained in this report is accurate and in accordance with the requirements of the uniform expenditure reporting system.

Signature of Chief Fiscal Officer: Kathy Bainbridge

Name and Title: Kathy Bainbridge, Administrative Services Director

Telephone Number: (928) 639-2445 Date: February 6, 2019

See accompanying notes to report.

TOWN OF CLARKDALE, ARIZONA
Annual Expenditure Limitation Report – Part II
Year Ended June 30, 2018

Description	Governmental funds	Enterprise funds	Total
A. Amounts reported on the reconciliation, line D	\$3,800,547	\$2,699,302	\$6,499,849
B. Less exclusions claimed:			
1. Debt proceeds	-	931,080	931,080
2. Debt service requirements	20,020	707,005	727,025
3. Dividends, interest, and gains on the sale or redemption of investment securities	27,950	46,005	73,955
4. Grants and aid from the federal government	58,328	-	58,328
5. Highway user revenues in excess of those received in fiscal year 1979-80	310,363	-	310,363
Total exclusions claimed	<u>416,661</u>	<u>1,684,090</u>	<u>2,100,751</u>
C. Amounts subject to the expenditure limitation	<u>\$3,383,886</u>	<u>\$1,015,212</u>	<u>\$4,399,098</u>

See accompanying notes to report.

TOWN OF CLARKDALE, ARIZONA
Annual Expenditure Limitation Report – Reconciliation
Year Ended June 30, 2018

Description	Governmental funds	Enterprise funds	Total
A. Total expenditures/expenses/deductions and applicable other financing uses, special items, and extraordinary items reported within the fund financial statements	\$3,800,547	\$2,054,687	\$5,855,234
B. Subtractions:			
1. Items not requiring use of current financial resources:			
a. Depreciation	-	582,432	582,432
b. Pension and other postemployment benefits (OPEB) expense	-	24,454	24,454
Total subtractions	-	606,886	606,886
C. Additions:			
1. Principal payments on long-term debt	-	498,797	498,797
2. Capital asset acquisitions	-	672,108	672,108
3. Pension and OPEB contributions paid in the current year	-	80,596	80,596
Total additions	-	1,251,501	1,251,501
D. Amounts reported on part II, line A	<u>\$3,800,547</u>	<u>\$2,699,302</u>	<u>\$6,499,849</u>

See accompanying notes to report.

TOWN OF CLARKDALE, ARIZONA
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The annual expenditure limitation report (AELR) is presented as prescribed by the uniform expenditure reporting system (UERS), as required by Arizona Revised Statutes §41-1279.07. The AELR excludes expenditures, expenses, or deductions of certain revenues specified in the Arizona Constitution, Article IX, §20, from the total expenditures, expenses, or deductions reported in the fund financial statements.

In accordance with the UERS, a note to the AELR is presented below for any exclusion claimed on part II and each subtraction or addition in the reconciliation that cannot be traced directly to an amount reported in the fund financial statements. All references to financial statement amounts in the following notes refer to the statement of revenues, expenditures, and changes in fund balances for the governmental funds; statement of revenues, expenses, and changes in fund net position for the proprietary funds; and statement of cash flows for the proprietary funds.

NOTE 2 – EXCLUSION FOR DEBT SERVICE REQUIREMENTS

The exclusion claimed for debt service requirements consists of principal retirement and interest expenditures for the following:

	Governmental Funds	Enterprise Funds	Total
WIFA principal	\$ -	\$ 498,797	\$ 498,797
WIFA interest	-	208,208	208,208
Capital lease principal	16,487	-	16,487
Capital lease interest	3,533	-	3,533
	<u>\$ 20,020</u>	<u>\$ 707,005</u>	<u>\$ 727,025</u>

TOWN OF CLARKDALE, ARIZONA
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2018

NOTE 3 – DIVIDENDS, INTEREST AND GAINS ON THE SALE OR REDEMPTION OF INVESTMENT SECURITIES

The exclusions claimed for dividends, interest, and gains on the sale or redemption of investment securities is as follows:

Description	Prior Year Carried Forward	Revenues	Amount Excluded	Amount Carried Forward
General Fund	\$ -	\$ 20,586	\$ 20,586	\$ -
HURF Fund	-	6,946	6,946	-
Other Governmental Funds	-	418	418	-
Wastewater Fund	-	10,945	10,945	-
Sanitation Fund	-	130	130	-
Water Fund	-	34,874	34,874	-
Cemetery Fund	-	56	56	-
Total	<u>\$ -</u>	<u>\$ 73,955</u>	<u>\$ 73,955</u>	<u>\$ -</u>

NOTE 4 – EXCLUDED INTERGOVERNMENTAL REVENUE

The following schedule presents revenues from which exclusions have been claimed for federal grants and aid and highway user revenues in the Governmental Funds:

Grants and aid from the federal government	\$ 58,328
Highway user revenues in excess of those received in fiscal year 1979-80	310,363
Other revenues (nonexcludable)	<u>1,344,565</u>
Total intergovernmental revenues as reported in the fund financial statements	<u>\$ 1,713,256</u>

TOWN OF CLARKDALE, ARIZONA
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2018

NOTE 5 – POST-EMPLOYMENT BENEFITS EXPENSE AND CONTRIBUTIONS

The \$24,454 subtraction for pension and other post-employment benefit (OPEB) expense consists of changes in the net pension and OPEB liabilities, changes in deferred outflows related to pensions and OPEB, and changes in deferred inflows related to pensions and OPEB, recognized in the current year in the enterprise funds. The \$80,596 addition for pension and OPEB contributions paid in the current year consists of the required pension and OPEB contributions made to the Arizona State Retirement System from the enterprise funds.